

DECEMBER 22, 1983

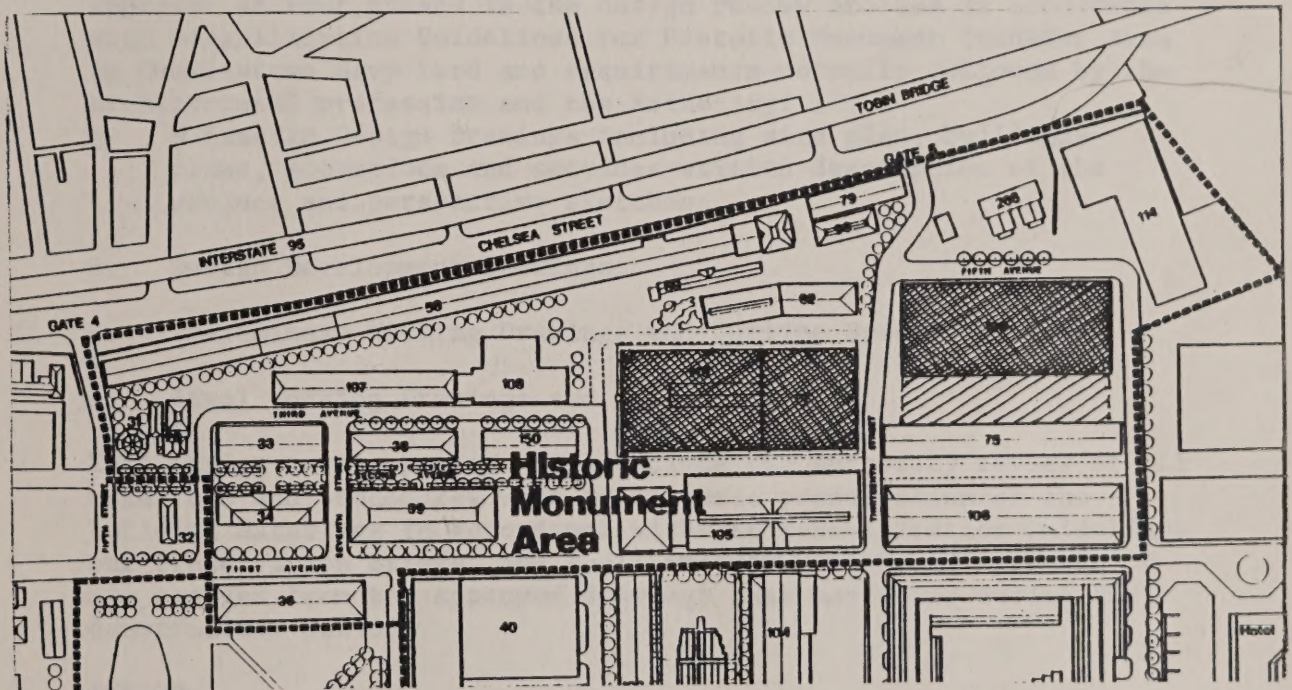
TERMS AND CONDITIONS FOR TENTATIVE DESIGNATION OF THE DEVELOPER FOR
BUILDING 149/199

1. LEASEHOLD AGREEMENT

Developer will lease Buildings 149 and 199 from BRA for an 80 year term at a base rent of \$500,000 per year and 15% of net income. Leasehold Agreement summary is attached hereto.

2. REDEVELOPMENT SITE

The redevelopment site shall include the area outlined in the map below. Buildings 149 and 199 are located in the Historic Monument Transfer Area of the Charlestown Navy Yard. The land area between Buildings 199 and 75 will be included in the redevelopment site to accommodate the exterior circulation ramps needed to provide egress and access to the parking garage.



3. DEVELOPMENT PROGRAM

a. Building 149 shall be rehabilitated into 720,000 square feet of commercial space. Appropriate retail uses shall be located on the ground floor and will be delineated in the final leasehold agreement.

b. Building 199 shall be converted into a parking garage to accommodate a minimum of 1200 car spaces; 700 of these spaces shall be reserved for the exclusive use of Building 149 tenants and retail clients; 500 of these spaces shall be reserved by the BRA to service the commercial needs of the Navy Yard.

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4. CONSTRUCTION PHASING

The Authority requires that construction of both buildings commence in concert and be completed in a single phase.

5. UDAG ASSISTANCE

- a. The City of Boston and the BRA will work with the developer to apply for Urban Development Actions Grant (UDAG) funds as may be necessary to make this redevelopment project financially feasible.
- b. The developer shall work with the City and BRA to obtain UDAG funds as may be necessary to complete public improvements pertinent to the redevelopment of these buildings.

6. DESIGN REVIEW PROCESS

The Authority requires submission of design drawings for review and approval at four phases in the design review process in accordance with Rehabilitation Guidelines for Historic Monument Transfer Area in Charlestown Navy Yard and requirements normally followed by the architectural profession and the Authority:

- a. Schematic Design Drawings including site plan, buildings plans, elevations and sections written description of the project and perspective sketches;
- b. Design Development Drawings;
- c. Preliminary Working Drawings and Outline Specifications;
- d. Final Working Drawings and Specifications.

This design review process will include the Authority review of all materials and procedures used in historic preservation of the building exteriors in accordance with The Rehabilitation Guidelines and Preservation Briefs, and shall include review and approval of all changes from the approved drawings that may occur during the construction period.

7. LINKAGE

The developer shall comply with the linkage policies as presented in the report of the Advisory Group on Linkage Between Downtown Development and Neighborhood Housings, issued on October 14, 1983.

8. REAL ESTATE TAXES

Real Estate taxes for the new development will be paid according to normal City of Boston Chapter 59 Assessing Department practices.

BUILDING 149/199 LEASE COMMENCEMENT AGREEMENT SUMMARY

Within 90 days of Tentative Designation, the designated developer and the Boston Redevelopment Authority (BRA) will enter into a Lease Commencement Agreement containing the conditions of Final Designation. The Lease Commencement Agreement will also contain a Building Lease, based on the terms and conditions specified below, which will become effective upon Final Designation.

PROPERTY: Building 149 and 199, as designated by Lessor

LESSOR: Boston Redevelopment Authority

LESSEE: The Congress Group

TERM: 80 years

FINAL DESIGNATION: Not more than 180 days from the execution of the Lease Agreement, subject to extension by mutual agreement of Lessor and Lessee.

LEASE COMMENCEMENT DATE: Simultaneous with Final Designation.

NET RENT: A. Base Rent - \$500,000 per annum payable monthly in advance, commencing at the Lease Commencement Date.

B. Percentage Rent - 15% of annual net cash flow payable monthly in advance based on a budget prepared annually and submitted to Lessor not less than 60 days prior to the beginning of each fiscal year. Annual net cash flow shall be calculated by subtracting the following items from effective gross income: certified operating expenses, real estate taxes, Base Rent, and annual amount equal to 12.5% of certified total project costs. Within 90 days of the end of each fiscal year Lessee shall submit a calculation of Percentage Rent for that year certified by a CPA acceptable to Lessor and shall make a payment or receive a credit of Percentage Rent based on the certified statement. Until the annual Percentage Rent amount is certified, and payments and credits are allocated, the monthly Percentage Rent payment in any fiscal year shall be no less than one-twelfth of the fiscal year.

RENEWAL: None

SUBORDINATION: Lessor's fee interest in the Property will not be subordinated. Lessor's Base Rent will not be subordinated. Percentage Rent will not be subordinated. In the event of a foreclosure, the Lessor will waive Percentage Rent for five years if Net Cash Flow is not available.

FINANCING: Any initial permanent financing may not exceed certified total project costs.

REFINANCING: Lessor will receive as Additional Rent 15% of net refinancing proceeds upon refinancing.

SALE: Lessor will receive as Additional Rent 15% of net sales proceeds upon sale.

ALIENATION: Lessee may not dispose of its interest in the Commercial Portion for five years after issuance of a final certificate of occupancy. Thereafter, Lessee may not dispose of its interest in the Commercial Portion without the written consent of Lessor, such consent not to be unreasonably withheld.

ESTOPPEL
CERTIFICATE: Lessor agrees to provide any lender that notifies the Lessor of its mortgage interest with an Estoppel Certificate granting such lender notice of default and right to cure as may reasonably be required.

CONSTRUCTION
OF
IMPROVEMENTS: Lessee must make improvements on the Property in accordance with plans and specifications approved by Lessor as part of Lessee's Final Designation within 36 months of such Designation.

BOOKS AND
RECORDS: Lessee must provide Lessor with a statement of project costs computed in accordance with the Land Lease, certified by a CPA, and approved by the Lessor, within 120 days of issuance of a final certificate of occupancy. Lessor will use industry standards as a guide to Lessor's approval.

In addition to the reports required for the Percentage Rent calculation, Lessee must provide Lessor with a statement of operation for the Commercial Portion certified by a CPA, and approved by the Lessor, within 90 days of the close of each fiscal year. Lessor will use industry standards as a guide to Lessor's approval.

AFFIRMATIVE
ACTION: Lessee must comply with the Mayor's Executive Order concerning Affirmative Action goals for construction employment, permanent employment and minority business contracting. The Lessor will assist the Lessee in meeting these goals.

REAL ESTATE
TAXES:

The Property will be fully taxable by the Assessor of the City of Boston at applicable rates.

LIABILITY:

Lessor and the City of Boston will not incur any expenses in the development of the Property. The Property will be leased in an "as is" condition. Lessee will pay for the cost of any utility relocation not paid by any utility company.

PARKING:

A minimum of 1200 car spaces will be provided in Building 199 of which 700 spaces will be reserved for Building 149's tenants and 500 spaces will be reserved for commercial needs at the Navy Yard.

MEMORANDUM

DECEMBER 22, 1983 - TABLED
RESUBMITTED DECEMBER 28, 1983

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: CHARLESTOWN URBAN RENEWAL PROJECT (R-55)
TENTATIVE DEVELOPER: DESIGNATION OF THE
CONGRESS GROUP, INC., REDEVELOPER OF
BUILDINGS 149 & 199 IN THE CHARLESTOWN
NAVY YARD

The Authority has received three development proposals for the above properties for the purpose of rehabilitating Building 149 into commercial space and converting Building 199 into a parking garage. On November 25, 1981, the Authority approved at no cost, an exclusive agreement with Coldwell Banker which allowed them to solicit developer interest for these properties. The Congress Group's proposal is an outgrowth of this action. Building 149 contains approximately 720,000 sq.ft. and Building 199, 600,000 sq.ft.

The proposals were reviewed in accordance with established criteria for the development of the Navy Yard, including an assessment of the developer's experience, a financing Letter of Interest, the developer's financial strength aside from Lender, the BRA lease payment offer, the need to maximize parking to Yard users and to maximize employment opportunities, the project's overall financial feasibility with emphasis on projected costs and income, and finally, confidence in the developer's ability to expeditiously complete the project.

The Congress Group Incorporated, best meets the established development criteria. This organization is principally comprised of Edward F. Barry Jr., President, John W. Priestley Jr., Vice President and Dean F. Stratouly, Vice President. Since 1976 the Congress Group has been responsible for completing 330,000 sq.ft. at 77 North Washington Street. They are presently completing construction of 250,000 sq.ft. of office space in the former Carter Ink Building in Cambridge.

This development team has agreed to meet the following guidelines: rehabilitate Building 149 into approximately 700,000 sq.ft. of commercial space with appropriate retail uses on the ground floor; convert Building 199 into a parking garage to accommodate a minimum of 1,200 car spaces, 700 of which shall be reserved for the exclusive use of Building 149's tenants and 500 shall be reserved to service the anticipated commercial needs in the Navy Yard. The demand for these spaces will be generated through the projected redevelopment of Buildings 33, 34, 38, 39 and 108.

It is expected that the BRA will receive \$500,000 in annual lease payments for these buildings plus 15% of the net income. The City of Boston can expect to receive up to \$750,000 per year in real estate taxes through this development. In addition, the City's Residents Job Policy will be enforced.

Importantly, the redevelopment of Building 149 into a commercial structure with over 2000 employees will help support the market for retail enterprise throughout the Yard. The construction of a 1,200 car parking facility will greatly enhance the marketability of the undeveloped buildings in the Navy Yard and accelerate developer's interest in them.

It is therefore recommended that the Congress Group, Incorporated, be tentatively designated as redeveloper of Buildings 149 and 199 in the Charlestown Navy Yard (R-55) subject to the terms and conditions set forth in the document attached hereto entitled, "Terms and Conditions for Tentative Developer Designation Buildings 149 and 199 in the Charlestown Navy Yard"; such terms and conditions are incorporated into this recommendation by reference.

VOTED: That the Authority tentatively designate the Congress Group Incorporated as redeveloper of Buildings 149 and 199 in the Charlestown Navy Yard (R-55) subject to the terms and conditions as set forth in the document dated December 22, 1983 attached hereto entitled, "Terms and Conditions for Tentative Developer Designation Buildings 149 and 199 in Charlestown Navy Yard"; and said designation is subject to all easements of record as well as the terms and conditions of the Charlestown Urban Renewal Plan and the Deed from the United States Government concerning these properties.